

Message Text

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SUBJECT: CONTINUING REPORTS ON POSSIBLE CHANGES IN INVITATION
FOR BIDS (IFB); FOR CIP-67

REFS: (A) TELEX FROM COLLINS RADION INTERNATIONAL, HOUNSLOW,
ENGLAND, 12 MAY 76

(B) USNATO 1176, 031403Z MAR 76 (C) USNATO 154, 141720Z JAN 76

(D) AC/4-D/2261 (FINAL), ANNEX I

SUMMARY. THIS MESSAGE CITES CONTINUING REPORTS OF POSSIBLE
DETERIORATION OF COMPETITION FOR THE CIP-67 CONTRACT WORTH
ABOUT \$40 MILLION, AND OUR TENTATIVE DISCUSSIONS OF A
POSSIBLE NEED FOR A PAYMENTS AND PROGRESS (P&P) COMMITTEE
INTERVENTION IN CASE ALL COMPETITORS WITHDRAW, LEAVING ONLY
ONE BIDDER. ACTION REQUESTED: NONE AT PRESENT, BUT
MESSAGE FOREWARNS USDOC OF POSSIBLE NEED FOR STATEMENTS
FROM US FIRMS. END SUMMARY.

1. REF A FROM COLLINS IS THE MOST RECENT REPORT WE
HAVE RECEIVED ON POSSIBLE CHANGES IN THE INVITATION FOR
BIDS (IFB) ON CIP-67. VERBATIM TEXT FOLLOWS:

BEGIN QUOTE:

WE ARE IN RECEIPT OF A TELEX FROM TELEFUNKEN WHICH
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QUOTES A TELEX FROM BWB (GERMAN MOD CONTRACTING
AGENCY). THE BWB TELEX EXTENDS THE CIP-67
PROPOSAL DEADLINE BY THIRTY DAYS TO 15 JULY 76. WE
UNDERSTAND SIEMENS REQUESTED 30-DAY EXTENSION.

THE BWB TELEX MAKES NO MENTION OF TECHNICAL SPECIFICATION RELIEF NOR IMPORT DUTY REMOVAL CONSIDERATIONS. WE UNDERSTAND THAT BWB WITHDREW THEIR CORRESPONDENCE TO THE GERMAN MOD WHICH HAD REQUESTED CONSIDERATION FOR SPECIFICATION RELIEF, 90-DAY EXTENSION AND IMPORT DUTY SET ASKDE. THE TECH SPECS OF CIP-67 ARE CONSIDERED BY OUR CONSORTIUM AS BEING OVERLOADED WITH RESPECT TO OPERATIONAL REQUIREMENTS. THE OVERLOADING IS PRIMARILY IN AREAS OF ENVIRONMENTAL REQUIREMENTS AND TRANSMISSION SPEED OF SUPERVISORY AND CONTROL SYSTEMS. TELEFUNKEN IS WRITING ANOTHER LETTER TO BWB REQUESTING AN ANSWER TO THEIR PREVIOUS LETTER WHICH PROMOTED THE BWB LETTER TO THE MOD REQUESTING RELIEF IN THE AREAS OF SPEC, TIME AND IMPORT DUTY. IT IS OBVIOUS NOW THAT THE SIEMENS CONSORTIUM WILL BE THE ONLY OFFER SUBMITTED FOR CIP-67 PROGRAM. YOUR ASSISTANCE IS SOLICITED IN OBTAINING RELIEF TO THE SPEC, ADDITIONAL 60-DAY EXTENSION AND RELIEF FROM IMPORT DUTY. WE ALSO SOLICIT YOUR HELP IN ASSURING THAT THIS PROGRAM DOES NOT GO FORWARD WITH ONLY ONE CONTENDER
END QUOTE.

2. THE LAST PARA IS THE FIRST REQUEST FOR ASSISTANCE COLLINS HAS MADE TO US. HOWEVER, SINCE COLLINS HAS BEEN CONSIDERING BIDDING ONLY AS A SUBCONTRACTOR TEAMED WITH TELEFUNKEN, THE POINTS UPON WHICH THEY SEEK RELIEF MUST BE SUBMITTED THROUGH THE GERMAN PRIME BIDDER TELEFUNKEN. WE HAVE HAD SIMILAR COMPLAINTS FROM PAGE-EUROPA, AND ITALIAN SUBSIDIARY OF NORTHROP, WHICH WAS ALSO TEAMED WITH TELEFUNKEN.

3. AS TO THE POSSIBILITY OF THERE BEING ONLY ONE CONTENDER, THE FRG REP TOLD THE P&P COMMITTEE ON 13 MAY THE FRG CURRENTLY CONSIDERS THREE BIDDERS STILL IN THE BIDDING COMPETITION (SIEMENS, TELEFUNKEN AND AYDIN), AS NONE OF THEM HAVE OFFICIALLY WITHDRAWN. SINCE AYDIN IS A US FIRM, WE HAVE SUGGESTED TO LOCAL REPRESENTATIVE THAT HIS UNCLASSIFIED

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FIRM PROVIDE USDOC PRINCIPAL REASONS WHY THEY MAY OFFICIALLY WITHDRAW. MOREOVER, AS INDICATED IN REF A, TELEFUNKEN IS STILL SEEKING RELAXATION OF THE IFB REQUIREMENTS, AS A BASIS FOR STAYING IN THE INTERNATIONAL COMPETITIVE BIDDING (ICB) COMPETITION.

4. IN CONNECTION WITH THE LATTER, MOST OF THE P&P COMMITTEE JOINED US REP IN NOTING THAT ANY CHANGES MADE IN THE IFB FOR ONE OR MORE BIDDERS MUST ALSO BE PROVIDED TO ALL OTHER FIRMS PREVIOUSLY CERTIFIED AS ELIGIBLE AND INTERESTED IN BIDDING THE CIP-67 CONTRACT, EVEN THOUGH THEY HAD EARLIER WITHDRAWN FROM BIDDING. THIS WOULD ENABLE THOSE FIRMS TO KNOW

WHETHER THE IFB CONDITIONS WERE BEING IMPROVED TO AN EXTENT THAT WOULD MAKE IT POSSIBLE FOR THEM TO REJOIN THE BIDDING.

5. IN ANTICIPATION OF A POSSIBLE NEED FOR A P&P COMMITTEE INTERVENTION IN THIS ICB, WE HAVE TENTATIVELY RAISED A QUESTION AS TO THE APPROPRIATENESS OF BRINGING THE CURRENT ICB TO A HALF, EXPECIALLY IF THE IFB SPECIFICATIONS AND/OR ADMINSTRATIVE REQUIREMENTS ARE SO TIGHT THAT ALL BUT ONE BIDDER CONSIDER IT NECESSARY TO WITHDRAW. WE HAVE FOUND SOME CONCERN BUT NO CLEAR CONSENSUS IN THE P&P COMMITTEE FOR SUCH INTERVENTION BEACUSE WE HAVE NOT BEEN ABLE TO CITE ANY SPECIFIC BASIS FOR COMPLAINT PROVIDED BY AYDIN OR ANY OTHER PREVIOUSLY INTERESTED US FIRM (AS PRIME CONTRACT BIDDER). THE ICB RULES REQUIRE THAT ANY COMPLAINT BASED ON AN ALLEGATION THAT THE IFB IS QUOTE UNDULY RESTRICTIVE UNQUOTE (PARA A.2(D) OF REF D) MUST CITE SPECIFIC ITEMS OR PARTS OF THE IFB THAT ARE THE CAUSE FOR COMPLAINT. THIS ALSO MUST BE DONE BEFORE THE BID CLOSING DATE WHICH IN THIS CASE IS 15 JULY 1976.

6. WE ARE NOT PROPOSING ANY SPECIFIC ACTION AT THIS TIME, BUT WE ARE WATCHING THE CIP-67 CASE CLOSELY. SHOULD IT BECOME NECESSARY OR DESIRABLE TO INTERVENE ON THE ABOVE

BASIS, WE MAY HAVE TO ASK USDOC TO OBTAIN STATEMENTS FROM PREVIOUSLY INTERESED US FIRMS AS TO THE KEY REASONS THEY UNCLASSIFIED

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